1	2	3	4
	NPK	MCFL	240.85
	DAP	MCFL	979.35
	DAP Nov-08 15043.60	ZIL NPK	0.00 FACT
	NPK	IFFCO	2574.05
	NPK	MCFL	294.10

Fortified and coated fertilizer

1290. SHRI JESUDASU SEELAM: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether in view of rising fertilizers subsidy bill, Government has decided to put entire burden of additional secondary and micro-nutrients required to help to counter imbalanced fertilizers use in country on farmers;

(b) if so, whether Cabinet Committee on Economic Affairs which met under Chairmanship of PM approved a policy for encouraging production and availability of fortified and coated fertilizers;

(c) if so, whether under the policy, manufacturer will be allowed to sell fertilizers coated or fortified with secondary or micro-nutrients up to a maximum of 5 per cent above notified maximum retail price for all fertilizers under fertilizer control order; and

(d) to what extent it will be helpful to both the farmer and to the country?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (d) The Cabinet Committee on Economic Affairs has approved a new policy for fortified/coated fertilizers with the objective to promote its production and application within the country. The application of secondary and micro-nutrients along with the primary nutrients is expected to promote balanced fertilization and lead to increased agricultural productivity. Under the new policy, the manufacturer is allowed to charge upto 5% more than the MRP in case of fortified/coated subsidized fertilizers except for Zincated Urea and Boronatecl SSP, for which the manufacturer is allowed a ceiling of 10% above MRP of Urea and SSP respectively.

The farmer is free to make its own rational decision based on crop and soil requirement as to whether the fortification/coating with secondary and micro-nutrients at an additional cost is going to provide an additional productivity leading to larger gain to the farmer. Moreover, the price band above MRP is also expected to breed competition amongst manufacturers to provide better fertilizer products to the farmers.

Direct subsidy to farmers

1291. SHRI T.T.V. DHINAKARAN: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is proposed to provide direct fertilizers subsidy to farmers;

(b) if so, the details thereof;

(c) whether there is any objection to it; and

(d) if so, how it is proposed to overcome?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (d) A Group of Ministers (GOM) constituted to looked into sustainable use of fertilizers and pertinent subsidy and pricing issues has looked into various issues relating to fertilizer sector including the option of direct fertilizer subsidy to farmers. The same has not been recommended by the GOM in its final recommendations.

Abhijit Sen Committee

1292. SHRI RAMDAS AGARWAL:

SHRI DARA SINGH:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that there has not been much investment in fertilizers sector during the last 10 year, because the potential investors wanted Government to decontrol the sector and direct subsidy payment to the farmers;

(b) if so, whether industry's demand has been fully examined by the Abhijit Sen Committee which is looking into all the option for attracting investment in urea business;

(c) whether Government has reportedly taken any decision on 7th August, 2008 regarding New Fertilizers Investment Policy; and

(d) if so, what are the salient features thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI B.K. HANDIQUE): (a) to (d) The Government had announced in January 2004 a policy based on cost plus approach with urea price derived on the principle of Long Run Average Cost (LRAC) for expansion of a unit and setting up of a Greenfield project. This policy was not successful in attracting investment in this sector. In view of the imminent need of a New Investment Policy for urea sector, a proposal based on IPP benchmark was placed before the GOM constituted to look into sustainable use of fertilizers and pertinent subsidy and pricing issue. The GOM constituted a Committee under the Chairmanship of Prof. Abhijit Sen. The Committee examined all the options and based on the recommendations of Committee, the Government has announced a policy for new investments in urea sector on 4th September 2008. The New Investment Policy aims at revamp, expansion, revival of existing urea units and setting up of Greenfield projects. The policy aims at bridging the gap in next five years between the consumption and domestic production subject to confirmed and adequate availability of gas at reasonable prices. The salient features of the new investment policy are as under :-

1. The policy is based on Import Parity Price(IPP) benchmark with suitable floor and ceiling prices.
2. **Floor & Ceiling prices**: The floor for urea price is be kept at USD 250 per MT and the ceiling for urea price is fixed at USD 425 per MT.
3. **Revamp project**: Any improvement in capacity of existing plants through investment upto Rs. 1000 crore, in the existing train of ammonia-urea production will be treated as revamp of existing units. The additional urea from the revamp of existing units will be recognized at 85% of Import